Government of
Saskatchewan

2005 – 2006
Annual Report

Saskatchewan
Property
Management

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This annual report is also avaialble in electronic format from the Department's web site at www.spm.gov.sk.ca

Letter of Transmittal

Her Honour the Honourable Dr. Lynda M. Haverstock
Lieutenant Governor of Saskatchewan

May it please Your Honour:

I respectfully submit the Annual Report for Saskatchewan Property Managemnet for the fiscal year ending March 31, 2006.

Eldon Lautermilch
Minister of Saskatchewan Property Management

The Honourable Eldon Lautermilch
Minister of Saskatchewan Property Management

I have the honour of submitting the Annual Report for Saskatchewan Property Managemnet for the fiscal year ending March 31, 2006.

Deb McDonald
Deputy Minister

Introduction

In February 2004, *The Public Works and Services Act* was introduced, along with a companion Act, *The Saskatchewan Property Management Corporation Repeal Act*. This resulted in the transformation of Saskatchewan Property Management Corporation from its Treasury Board Crown structure to that of a department of executive government effective April 1, 2005.

Saskatchewan Property Management's (SPM) 2005-2006 Annual Report describes actual results for the key actions and performance measures published in our 2005-2006 Performance Plan, released in March 2005. This annual report identifies the challenges and opportunities ahead, how SPM plans to address them and how we plan to measure our progress in achieving our goals and objectives.

This report describes our key actions in support of our ongoing commitment of effective and value-added service for our clients, sustainable property infrastructure and continuing partnerships that benefit the Government of Saskatchewan and its communities. The annual report also highlights the Department's ongoing commitment to wind power, green energy, and energy upgrades to our buildings, each of which was identified as a priority within the 2005-2006 Performance Plan.

Saskatchewan Property Management's complete 2005-2006 Performance Plan can be viewed at www.spm/docs/spm_performance_ plan_2005-06.pdf. The government-wide plan and budget documents for the same year are available at www.gov.sk.ca/finance/budget/budget05/budgetsummary.pdf.

The Saskatchewan Property Management's annual report includes measurable results associated with its performance plan. This is based on continued implementation of government's Accountability Framework, which requires reporting on actual year-end results as compared to the intended results identified in the performance plan released at the beginning of the fiscal year.

Saskatchewan Property Management's 2006-2007 performance plan was released with the provincial budget on April 6, 2006 and is available at www.spm/docs/spm_performance_plan_2006-07.pdf.

Who We Are

The Department of Property Management (SPM) replaced the Saskatchewan Property Management Corporation (SPMC) on April 1, 2005. Legislation was passed in the fall 2004 session of the Legislative Assembly to wind down the Corporation and transfer the assets and staff to a department of government.

Our vision is to provide the best property management and support services for best value to public agencies in Saskatchewan.

The mandate of the Department is to support public agency program delivery by providing the best value for client requirements in the areas of accommodation, property management, furnishings and supplies, transportation, purchasing, risk management, records management, telecommunications and mail services. These services are delivered by a staff complement of 828.5 full time equivalent employees in 30 locations across the province.

By providing centralized accommodation and support services, SPM achieves efficiencies and economics of scale. Saskatchewan Property Management generated $226 million in revenue for 2005-2006 to recover the cost of delivering the services. Most revenue required to operate the department comes from charging the clients for accommodation, project management, transportation, and other support services.

Saskatchewan Property Management is comprised of four divisions: Accommodation Services, Commercial Services, Corporate Support Services, and Information Technology.

Accommodations

Saskatchewan Property Management has responsibility for 814 buildings located in 169 communities. Of these buildings, 545 are owned by SPM while space in 269 is leased. The estimated replacement value of owned space is $1.6 billion. The owned and leased space is managed primarily to accommodate the programs of government departments and agencies. These buildings contain an area of more than 961,000 square meters.

Saskatchewan Property Management works with government agencies to manage changes in accommodation requirements that result from changes in government programs or changes in the manner in which the programs are provided. SPM provides accommodation planning, construction project management, building operation and maintenance, leasing, property purchase, property disposal, security services and furniture services.

Commercial Services

Saskatchewan Property Management provides various support services to government through its Commercial Services Division. These include:

- **Transportation Services** – The Central Vehicle Agency (CVA) provides vehicles and fleet management services to 330 different client groups, including executive government departments, some Crown corporations, and other publicly funded organizations. The CVA fleet averages 4,500 vehicles. Air Transportation Services, with its fleet of six aircraft, supplies Air Ambulance Services to Saskatchewan citizens as well as Executive Air Service to elected officials and senior government officials. Each of the two services has three dedicated aircraft.

- **Purchasing** – On behalf of government departments and agencies, this branch holds approximately 1,000 competitions a year for goods and services, for a total of approximately $125 million in annual purchasing activity. This activity includes service contracts, purchase orders, standing offers and delegations. The vast majority of that activity — close to 77 per cent — is sourced to Saskatchewan suppliers.

- **Relocation Services** – Saskatchewan Property Management manages a full range of relocation services for executive government employees.

- **Records Management** – Saskatchewan Property Management provides a central, secure storage facility for warehousing and retrieving government documents. This service also includes shredding of documents after Saskatchewan Archives Board approval has been received. As of March 31, 2006, 134,199 boxes of government files were in storage. During the year, 2,168 boxes were approved for disposal and more than 3,098 cubic feet of paper was recycled.

- **Mail Services** – More than 25 million pieces of mail are moved by SPM annually for government departments, boards, commissions, corporations and authorized public agencies to achieve economies of scale through centralization of mail handling resources. Mail is handled through 14 provincial centres and includes pick-up, sorting, delivering of Canada Post mail, metering of outgoing mail, adressing and stuffing mail. Inter-office mail, using reusable envelopes, is co-coordinated between Regina and 26 centres.

- **Distribution Centre** – The SPM Distribution Centre provides approximately 1,000 office, paper and janitorial products to clients. SPM is able to achieve savings for government due to bulk purchasing and centralized warehousing. These savings are passed on to clients.

Information Technology Division

The IT Division provides information technology, telecommunications and communication services to the department and government clients. Services provided and managed for government include CommunityNet, Centrex and VoIP phone services, cellular services, Blue Pages, web-based government directory (www.gtds.gov.sk.ca), GEMS (Government e-mail System), web hosting, Perimeter, conference bridges and PAD (Priority Access Dialtone). In addition, the IT Division manages the department's information technology assets and maintains and operates all the departmental software applications including property management, fleet vehicles, air services, mail, ShopSPM and purchasing. The division also assists other areas in developing solutions for information technology requirements and operates a help desk to assist employees with systems application problems.

Corporate Support Services

Corporate Support Services division includes Human Resources, Financial Services and the Legal and Risk Management Branch. These branches primarily support and serve SPM and its employees in areas such as budgeting, accounting, human resources and consultative services, payroll and administrative services, learning and development, risk management and investigative services.

Managing Risk

Saskatchewan Property Management continues its commitment to managing key Department risks by strengthening and enhancing its comprehensive risk management program. The program addresses the diverse business risks SPM faces in its day-to-day operations through a variety of key activities including: risk management, insurance, investigative services, employee health and safety, and environmental health and safety.

Employee health and safety remains a priority in SPM and work continued on developing policies and guidelines to protect employees. The Department is committed to employee safety training and delivers specific health and safety training across the province.

A change in weather temperature during the winter season has a direct impact on natural gas consumption, resulting in unpredictable changes in heating costs. SPM mitigates this risk through ongoing asset renewal capital projects that replace building envelopes, windows and roofs; ongoing preventative maintenance programs and an energy management conservation program.

SPM mitigates its property and liability risks through loss control and insurance. Loss control techniques are applied to eliminate, prevent, control or transfer risks. Engineering, administrative and operating staff continuously work to identify and manage risks. SPM purchases insurance to protect against financial loss due to unforeseen catastrophic losses.

Staff conduct regular on-site safety audits at major SPM managed construction projects.

SPM is committed to protecting human health and the environment through responsible management of government assets.

As part of the provision of services to Government departments, SPM provides property management, transportation and government support services to other public agencies that have chosen to use SPM's services. SPM mitigates the business risk that some of these public agencies could, at some future time, seek services from others, by regularly comparing the quality and price of its services. This ensures that SPM continues to provide value-added cost effective services.

2005-2006 Results at a Glance

Saskatchewan Property Management (SPM) is active across the province in delivery of accommodation, transportation and support services to the departments and agencies of the Government of Saskatchewan. SPM is engaged in a variety of initiatives to achieve the goals, objectives and performance measures set out in the 2005-2006 Performance Plan. The purpose of this section is to provide a concise overview of the performance and financial results achieved in the fiscal year.

Summary of Performance Results

Saskatchewan Property Management was integrally involved in high profile events related to the 2005 Canada Summer Games, the visit of Her Majesty Queen Elizabeth II and His Royal Highness The Duke of Edinburgh to Saskatchewan, and celebration of the Province of Saskatchewan's Centennial.

- The Centennial addition and Interpretive Centre of Government House Heritage Property was completed in time for the grand opening by Her Majesty Queen Elizabeth II.
- 2005 site preparation work in Wascana Park, including landscaping and finishing work on the Wascana Lake project, was substantially completed prior to the Canada Summer Games, allowing Canadians from across the country to enjoy the events.

Key Performance Results

Goal I – Effective and Value-added Service

- Building-specific postal codes were introduced for government facilities in Regina, reducing the volume of mail requiring internal sorting and delivery to 15 per cent of the level prior to conversion.
- Storage capacity of the provincial government's Records Centre was enhanced to accommodate growth for the next 10 to 12 years.

Goal II – Sustainable Property Infrastructure

- Recommendations were made on replacement of court facilities in Meadow Lake, La Ronge and Lloydminster.
- Long-term accommodation plans were developed for SIAST's Kelsey, Palliser and Woodland campuses; the plan for Wascana Campus is nearing completion.
- Accessibility projects were completed at seven government buildings.
- Energy conservation continued to be a top priority of SPM, as work continued on five additional provincial government buildings to achieve annual energy savings of 20 per cent. In addition, SPM purchased 18.8 million kilowatt hours of wind-generated energy annually, equal to 23 per cent of electricity purchased for government buildings.

Goal III – Partnerships That Benefit Government and Communities

- Through the Community Donations Program, surplus government assets were awarded to 532 community-based organizations.
- Development of an Aboriginal Procurement Policy is under way based on input obtained through consultations begun in fall of 2005.
- Several government buildings across Saskatchewan were named in honour of past provincial leaders to mark centennial celebrations.
- SPM continued to take a leadership role in the Saskatchewan Construction Panel, including introduction of a new web site to encourage communication and share resources.

2005-06 Summary of Financial Results

Effective April 1, 2005, Saskatchewan Property Management (SPM) was established to replace the Saskatchewan Property Management Corporation (SPMC). All buildings, vehicles and other assets and liabilities of the Corporation were transferred to the General Revenue Fund (GRF).

Most of the Department's programs operate on the principles of shared services and net budgeting. *The Financial Administration Act, 1993* as amended allows for departments to provide shared services to other departments and to charge those departments for the costs of those services.

The cost of shared services is allocated to departments and this cost is described as internal recoveries because the departments receiving those services are internal to the GRF. In essence, SPM charges departments for accommodation, transportation and other services provided to them. These charges are reflected in the financial results for the respective departments.

The Act also allows a form of net budgeting for commercial activities provided by a department to individuals and organizations that are outside of executive government. The provision of services to and recovery of the cost of those services from agencies external to the GRF are defined as commercial activities. The fees charged for these services are described as external recoveries.

The Financial Administration Act, 1993 allows SPM to provide services in a manner similar to the approach that was followed by SPMC as a Treasury Board Crown Corporation. The recoveries charged by the Department are very similar to the fees charged by SPMC. Two notable exceptions are: amortization expense is now included in the accommodation fees charged by the Department and the cost of employee benefits are not included in the recoveries as this expense is now provided centrally through the Estimates of the Department of Finance.

Following the Department's pricing principle of cost recovery, the expenses of SPM's Central Management and Services sub-vote are allocated to program sub-votes and those costs are reflected in the full cost recovery rate structure. The cost of providing Executive Government's purchasing function is appropriated and is not recovered through charges to departments. Some other costs are not recovered and are directly appropriated. In 2005-2006 these costs include:

- Operations and Maintenance of the Legislative Assembly
- Energy Performance Investments
- Wind Energy
- 2005 Canada Summer Games Project
- Wascana Lake Project

The Department's 2005-2006 expenditure budget (appropriation) was $34.469 million, including $23.495 for capital asset acquisitions. In the fall of 2005, the Legislature approved an additional $1.4 million required to provide for vehicle acquisition costs which will be recovered through vehicle lease agreements. This additional funding allowed SPM to meet increased demand for vehicles from an external client.

In addition to appropriated funds, the Department's funding also includes recovery of costs related to shared services and net budgeting. In total the Department's budgeted funding represents activity of $249.299 million, summarized as:

2005-2006 Funding

	Budget ($000s)	Actual ($000s)
Total Appropriation	34,469	35,625
Expenses allocated to Departments	152,726	167,078
Expenses charged to external clients	62,104	58,960
TOTAL	249,299	261,663

The actual activity in 2005-2006 was $261.663 million; a variance of $12.364 million. The variance is due to an increase in demand for services as well as recovery of input cost increases incurred to provide the services such as rising fuel prices and construction cost increases. Results by sub-vote and program area are summarized in subsequent pages of the annual report. Detailed payee information will be published in Volume 2 of the 2005-2006 Public Accounts.

In 2005-2006, SPM's full time equivalent (FTE) budget was 828.5. Actual utilization was 785.8 FTEs. The main reason for the variance was that vacant positions were not staffed during the year due to delays in staffing as a result of SPM's transition to a department status. During the transition period, the Department worked to classify all its positions according to the class plans of executive government.

2005-2006 Performance Results

Saskatchewan Property Management was active on multiple fronts during the year and this section reports and explains detailed performance results associated with all key actions and performance measures contained in the Department's 2005-2006 Performance Plan.

The Department uses these results to assess overall progress toward achieving its goals and objectives each year and, in turn, to confirm or adjust future plans and actions.

Additional information about SPM performance measures for 2005-2006 can be found on the Department's web site at www.spm.gov.sk.ca.

Goal 1 – Effective and Value-added Service

Objective 1 – Cost effective services for clients

Saskatchewan Property Management delivers a range of support services, most notably accommodation and vehicles, to departments and agencies of the Government of Saskatchewan. By providing support services centrally, SPM is able to capture economies of scale which help ensure effective and efficient operation to lower the cost of services to SPM clients.

Saskatchewan Property Management continually evaluates its range and delivery of services to ensure the Department is pursuing and achieving its mandate of meeting the needs of clients by delivering the right services at an appropriate price. In addition to dealing with the issues of where government is housed and its transportation needs, a wide-range of additional support matters — from efficient movement of mail to adoption of new technologies — are monitored and managed by SPM. As SPM takes responsibility for these support services, individual departments and agencies are more able to focus on their specific mandates instead of operational imperatives related to the day-to-day matters of office accommodation, transportation and support services.

Results and performance measures contained in this annual report indicate SPM has achieved its goals related to delivery of cost effective service for clients in the fiscal year 2005-2006.

Key Results

Government mail delivery

- Implement building-specific postal codes for incoming Canada Post mail to reduce central sorting requirements in Regina.

In co-operation with Canada Post, SPM has successfully implemented building-specific postal codes which have significantly reduced central sorting of mail. All but one Regina office building is now receiving postal mail directly from Canada Post as a result of the new system. Incoming Canada Post mail volumes requiring sorting have been reduced to 15 per cent of volumes prior to conversion. Previously, all incoming government mail from Canada Post was sorted and delivered to government offices. The reduction in handling and sorting of Regina mail flowed from an earlier review of cost-effectiveness and efficiency of government mail services conducted by SPM.

Electronic billing

- Investigate electronic billing options for accommodation services provided to clients.

Electronic billing is being used for Furniture Services and has been well received by clients. Further research is being conducted to determine whether electronic billing for other accommodation services is desirable.

- Implement electronic uploading of invoices for Executive Air flights.

Electronic uploading of invoices for Executive Air flights has been accomplished. Executive Air is now using the government-wide financial system, MIDAS, for all billing and account receivables.

Reducing cost, improving efficiency

- Investigate opportunities to decrease unit fixed costs by providing additional services to existing clients.

SPM Accommodation Services has successfully expanded its client base by assuming maintenance responsibilities in additional facilities such as the Wolseley Lakeside Home. The Department is also in the process of assuming maintenance responsibilities for more facilities, including the Regina Conexus Arts Centre.

Opportunities to offer optional cleaning services and appropriate pricing structure for selected services are also being reviewed. In single client buildings, cleaning services can be adjusted to the level desired by the client, subject to basic services required from a building maintenance perspective. In multi-client buildings changes in cleaning services are possible, but are dependent somewhat on agreement of the building's occupants. SPM has adjusted cleaning services at the request of clients.

- Evaluate the impact of changes implemented from Service Vitality, including disposal of government surplus items, closure of Echo Valley Conference Centre and transfer of electronic monitoring to SecurTek.

SPM implemented two new services for the disposal of surplus government assets. Surplus tools, equipment and vehicles are sold through www.sasksurplus.ca and surplus office equipment and furniture are donated to interested community-based organizations through the Community Donations Program (www.communitydonations.ca). SPM is completing a review of the results of the program. A client and community-based organization survey have been completed and recommendations for changes to the program will be brought forward in 2006.

The transfer of electronic alarm accounts took longer than expected as a result of unforeseen technical difficulties. In addition, there was a period of adjustment to the new service for SPM clients, SPM and SecurTek. Clients are adjusting to the new service provider and, as a result, the number of complaints is minimal.

Measurable Results

1. Performance Measure

- Price comparisons for SPM office space compared to the private sector

2005-2006 result

4.3 % below private sector market price
(September 2005)

SPM owns and leases space in buildings on behalf of government. In turn, SPM leases this space to individual government departments. This performance measure shows the cost-effectiveness of centralized accommodation services provided to government departments and agencies by comparing the gross rental rate for office space in Regina and Saskatoon to the private sector. These two areas are used for the baseline since they represent 68 per cent of SPM's total office building space and comparative market office space information is readily available. Program space that is designed for a specific function, such as a correctional facility or courthouse, is excluded from this measure as the private sector does not typically provide readily comparable facilities.

SPM's level of influence over this performance measure is high. SPM can influence the rates for office space by how and when it acquires accommodation, through quality specifications, timing of negotiations and Requests for Proposals, and build, buy, lease analysis and decisions.

2. Performance Measure

- Central Vehicle Agency (CVA) pool price compared to Public Service Commission (PSC) private vehicle usage rate

2005-2006 result

The CVA price ($0.267/km) is 31.3 % below the Public Service Commission rate ($0.3888/km)
(October 2005)

SPM assembles a fleet of vehicles and rents them to government departments and agencies. Through bulk purchasing and fleet management, SPM can pass significant savings to clients. A pool of vehicles located throughout the province is available for short-term use. CVA charges a per-kilometre fee to cover all fixed and operating costs for the pool vehicles. An alternative is to pay employees the private vehicle usage rate set by the Public Service Commission.

SPM's level of influence over this measure is high. SPM has significant influence on its prices for short-term vehicle usage, although it has no influence on the Public Service Commission's private vehicle usage rate.

3. Performance Measure

- CVA pool price compared to market price

2005-2006 result

The average CVA pool price ($0.2804/km) is 22% below the average market price ($0.3609/km) (October 2005)

This comparison is based on the costs for a variety of typical one to three-day trips, and compares the CVA charges to an average of three private sector rental companies' rates for rental of mid-sized vehicles. SPM has significant influence over its own prices charged to government departments and agencies, and no influence over market prices.

Objective 2 – Enhanced Client Service Delivery

As a client-driven organization, SPM goes beyond centralized accommodation and support services to provide new service delivery systems which meet the needs of its clients. Technology represents an essential support tool in providing value-added services for clients and SPM plays an important role in evaluating and implementing services which can improve efficiency and effectiveness.

Key Results

Improved record storage

- Increase capacity for government records to meet client needs for low cost and safe storage.

Storage capacity of the provincial government's Records Centre has been enhanced, with capacity, at current rates of growth, for approximately the next 10 to 12 years. In addition, new processes and systems were implemented in May 2005 to track records in storage, enhancing SPM's capability to assist clients with information and records management. SPM plans a pilot project, allowing user self-service with these new facilities, helping clients to eliminate duplication in tracking records in storage and facilitating more timely review, archiving and disposal of government records.

Improved asset disposal

- Implement a web site for displaying government surplus items available for sale to increase market exposure and financial returns from disposal.

A web site — www.sasksurplus.ca — was introduced in August 2005 to facilitate vehicle and equipment sales. The first miscellaneous sale is planned for the fall.

Online ordering

- Implement a new online access system for office supplies offered by the Distribution Centre to improve service effectiveness.

A draft project charter has been developed, using the inventory module of the provincial government's MIDAS computer system. The initiative has been deferred, pending further study by SPM and the Department of Finance.

Mobilizing technology

- Invest in and improve service effectiveness through use of technology to meet client needs for access, process improvement and service delivery.

SPM is participating in the new government-wide human resource system to improve human resource management information and reporting. SPM has assigned two staff resources to the project and human resources staff have participated in extensive and ongoing training to better understand the new system. In addition, employees were trained in use of new time cards and designated department staff have been trained in time card entry.

SPM analyzed the feasibility of providing clients with on-line access to information on leases, space allocation and capital plans. Implementation of this initiative has been deferred because of other automation priorities.

Regular client communication

- Communicate more regularly with clients regarding service delivery and client needs through direct client contact.

Enhanced communication with clients continues to be a priority for SPM. In addition to ongoing regular communication regarding service delivery and client needs, SPM has implemented capital planning meetings to assist in budgeting and coordination of capital plans. The meetings, held in June and October, involved senior financial and accommodation officials from a number of departments.

SPM's second client survey was conducted in 2006. A total of 83 clients were surveyed in March and 68 responses were received.

Measurable Results

1. Performance Measure

2005-2006 result

- Per cent of clients satisfied with service received for government support, accommodation, transportation and purchasing services.

SPM surveys its clients every two years to determine satisfaction with its programs and services. Respondents are asked to rate SPM's service, value for money and needs met using a five-point scale from very satisfied to very dissatisfied. The initial survey in 2004 used a four-point scale to determine satisfaction.

SPM has a high level of influence on this measure since it generally determines the nature, level, price and means of service delivery in response to client needs.

A total of 83 SPM clients were surveyed in March 2006 and 68 responses were received. The responses provide a level of accuracy of plus or minus 5.1 per cent, 95 times out of 100.

The following performance measure indicates percentage of SPM clients that are either satisfied or very satisfied with SPM services, value for money and needs met

Government support services	72.46%
Accommodation services	64.72%
Transportation services	84.33%
Purchasing services	71.98%
Overall rating	72.55%

(March 2006)

Goal II – Sustainable Property Infrastructure

Objective 1 – Appropriate facilities and equipment for clients

Providing appropriate facilities and equipment for SPM clients involves management of a life cycle from assessment and acquisition through maintenance and enhancement and, in some cases, ultimate disposal of assets no longer required. Ensuring government departments and agencies have appropriate office and program facilities, travel arrangements and support services is an essential step in ensuring provincial government agencies are able to deliver their services to the people of Saskatchewan. The degree to which government employees have adequate space to work and the tools to do their work effectively and efficiently has a direct impact on the level of service provided to the Saskatchewan public.

Key Results

Identifying space priorities

- Identify long-term program and space requirement needs in consultation with clients.

Court facilities in Lloydminster, Regina and various circuit points were identified as priorities in the Performance Plan. Recommendations have been made on replacement of court facilities in Meadow Lake, La Ronge and Lloydminster.

Accommodation requirements for all campuses of the Saskatchewan Institute of Applied Science and Technology (SIAST) have been reviewed. Long range plans are complete for the Kelsey, Palliser and Woodland campuses and nearing completion for Wascana Campus. A phased approach for delivery of projects is under way, and SPM is working directly with the SIAST executive through a steering committee which includes representation from the Department of Learning.

Correction facilities in Saskatoon and Prince Albert, along with young offender facilities across the province, are being assessed. SPM is working with Corrections and Public Safety to complete long range plans for adult correctional centres. With approval of phase one of the Regina Correctional Centre replacement in the 2005-2006 budget, work will begin on future phases of the Regina project and plans for other correctional centres. The Provincial Corrections Plan for adult and young offenders is being updated.

SPM works to refine, on an annual basis, the list of core government facilities that are to receive limited asset renewal funding. Priority is based on client needs. The current list includes 68 facilities, representing 119 buildings. Except for new facilities and some smaller facilities, infrastructure needs have been verified for all core buildings in addition to 12 other buildings which have been reviewed.

Aircraft renewal

- Develop a replacement plan for the aging Cheyenne aircraft in order to meet air transportation requirements.

SPM is developing a plan to meet the government's air transportation requirements.

Vehicle needs

- Canvas clients to review vehicle requirements and identify number and type of vehicles required to meet client needs.

In October 2005, SPM completed an annual canvass of client needs for vehicles and subsequently called for tenders to acquire vehicles to meet those needs.

Measurable Results

1. Performance Measure

- Proportion of facilities meeting long-term client program needs

2005-2006 result

63.6%
(March 2006)

SPM's performance in meeting clients' needs, service and value expectations is assessed through a survey sent to clients every two years.

2. Performance Measure

- Average annual distance traveled per government vehicle

2005-2006 result

22,840 km per vehicle
(April 2005)

The average annual number of kilometres traveled per vehicle in the SPM fleet is an indication of the extent to which the vehicles are needed and used by government departments and agencies. A low number of kilometres traveled per vehicle might suggest under-utilization, while a high number of kilometres might suggest more vehicles are required. SPM's influence over this measure is indirect. As a service provider, CVA determines the composition of the fleet. However, clients determine the extent to which vehicles are utilized.

3. Performance Measure

- Vacancy rate for office space

2005-2006 result

1.6%
(March 31, 2005)

While it is prudent to have some unused capacity in its buildings to allow for periodic movement and changes of people and programs, SPM believes it is important to have a relatively low vacancy rate to minimize the cost of unused space. This performance measure is designed to demonstrate the effectiveness of SPM in managing the government's space portfolio. Regina and Saskatoon are used for comparative purposes in establishing vacancy measurements because they collectively represent 68 per cent of SPM's total available office space.

Objective 2 – Affordable and sustainable infrastructure

With 545 buildings owned by SPM, a key challenge is to maintain the space to ensure future viability. Limited capital spending for a sustained period has created a backlog of maintenance and major capital upgrading of buildings. As a result, SPM must plan effectively for the future condition of the infrastructure and explore improved methods of sustainable asset management.

SPM's strategy is to concentrate available expenditures on targeted core facilities that are occupied by high priority programs and which will be viable for the long-term, considering condition, function and use. Funding for remaining facilities is primarily allocated on the basis of occupant safety and high priority regulatory codes.

Existing performance measures cover the two most significant areas provided by SPM to clients: accommodation and vehicles. Development of an energy performance measure is planned.

Key Results

Updating asset information

- Upgrade data in capital asset information management system to help identify accessibility, fire safety and other legislative compliance work in government buildings.

The Capital Asset Infrastructure Management System (CAIMS) is being used to hold data on accessibility, fire safety and legislative compliance work in government buildings. Fire and accessibility inspections have been completed for 58 facilities.

Major capital and maintenance projects

Project status includes:

- 2350 Albert Street, Regina; major retrofit anticipated completion summer 2007
- SPM head office, Regina; anticipated completion spring 2006
- Executive Air Services Administration Building, Regina; completion and occupancy in 2006
- Court House, Moose Jaw; elevator project complete
- W. G. Davies Building, Moose Jaw; flood repairs completed, additional work anticipated completion spring 2007
- 500 McLeod Street, Regina; in construction, minor deficiencies remain
- L.F. MacIntosh Building, Prince Albert; in construction, long-term, ongoing project
- 3211 Albert Street, Regina; in construction, Phase II completion expected winter 2007
- Mistasniuk Place, La Ronge; anticipated completion summer 2006
- Young offenders' facility in North Battleford; in design, anticipated completion spring 2007
- SIAST Kelsey Campus, Saskatoon; in construction, anticipated completion December 2006
- Wascana Centre Infrastructure, Regina; in construction, long-term ongoing project
- E.I. Wood Building, Swift Current; deferred until 2006-2007
- Saskatchewan Research Building, Saskatoon; in design
- 1871 Smith Street, Regina; in design
- Walter Scott Building, Regina; in design
- Multi-purpose Building in Buffalo Narrows; deferred until 2007-2008
- Regina Correction Centre; in construction
- SIAST Palliser Campus, Moose Jaw; completed front driveway repairs

Improving accessibility

- Upgrade accessibility in eight government buildings and Wascana Centre at an estimated cost of $1.2 million

Seven buildings have been completed or are in construction at a cost at $1,095,000. One building was deferred and an outdoor project at Wascana Centre in Regina was added. The seven buildings include:

- Mistasinihk Place, La Ronge
- Court House, Moose Jaw
- L.F. McIntosh Building, Prince Albert
- Executive Air Services Administration Building, Regina
- Century Plaza, Regina
- Cooper Place, Regina
- Lloyd Place, Regina

Reducing energy use

- Reduce energy usage in five additional provincial government buildings to achieve energy savings of 20 per cent.

Initiatives to improve energy efficiency and reduce energy expenses are proceeding on four of the five facilities and are near completion. Energy reduction projects are currently under way on the SIAST Academic Centre in Prince Albert, Broadcast Place in Yorkton, and Smith Street Court House and CVA Building, both in Regina. To accommodate other project work initiated by SPM and the Saskatchewan Research Council (SRC) subsequent to the approval to proceed with the energy upgrades, SPM has delayed approximately $200,000 of the work at the SRC building that was to be completed concurrently with the new project work.

In accordance with the commitment in the 2004 Throne Speech to "pursue an agenda of energy conservation" SPM has an aggressive energy conservation program in place aimed at reducing energy use in government buildings by 20 per cent. The program began in 2000 and is ongoing. So far, it has resulted in SPM upgrading 55 provincial facilities, which represents a significant majority of SPM's core facilities, with a total energy reduction of approximately 22 per cent. For fiscal 2006-2007, SPM will implement energy reduction initiatives in three provincial facilities: Saskatoon and Prince Albert men's correctional centres and the Pine Grove Centre women's correctional centre in Prince Albert. SPM is proud to consistently exceed the provincial energy performance requirement for new buildings, major renovations and additions. SPM was the lead agency in development of the provincial energy performance standard of 25 per cent better performance, as defined by the National Energy Code. SPM is witnessing increases of energy performance as high as 50 per cent better than the Model National Energy Code of Canada for buildings on specific projects. In terms of leading the way in embracing new sources of energy, SPM is purchasing 18.8 million kilowatt hours of wind generated energy annually, equal to 23 per cent of electricity purchased for government buildings.

Life cycle cost implementation

- Implement pricing for life cycle costs for all new and relifed facilities.

Life cycle pricing will be implemented in the 2006-2007 fiscal year for:
- Provincial Office Building, Buffalo Narrows
- Lloyd Place, Regina
- Century Plaza, Regina
- Executive Air Services Administration Building, Regina

Measurable Results

1. Performance Measure

- Average condition of government buildings
  (Facility Condition Index)

2005-2006 result

30%
(September 2005)

To keep buildings in a good state of repair to meet government program requirements and to protect people and the investment in government assets, SPM must continually measure the condition of government buildings. The industry measurement for facility condition is the Facility Condition Index (FCI). The lower the FCI, the better the condition of a facility while the higher the index is the greater chance the facility is showing signs of deterioration. A lower FCI is also a general indicator of a lower deferred maintenance backlog. The level of capital and maintenance funding available for government buildings will directly affect this performance measure.

2. Performance Measure

- Average age of vehicles

2005-2006 result

5.1 years
(October 2005)

The average age of vehicles is an indication of the overall condition and sustainability of the SPM fleet of vehicles and the need for replacement. SPM has a moderate level of influence over this measure. Each year, SPM surveys clients to determine vehicle requirements, including the number and type of vehicles required, however government determines the amount of funding available to purchase or lease vehicles. SPM also sets guidelines for vehicle replacement; however, the decision to retain or replace a vehicle once it exceeds the replacement guideline rests with departments and agencies.

3. Performance Measure

- Average mileage on vehicles

2005-2006 result

111,513 km
(October 2005)

The average mileage of vehicles is an indication of the overall condition and sustainability of the vehicle fleet and the need for replacement. SPM has a moderate level of influence over this measure. SPM determines the amount of funding available to purchase or lease vehicles. Each year, SPM surveys clients to determine vehicle requirements, including the number and type of vehicles required. SPM also sets guidelines for vehicle replacement; however, the decision to retain or replace a vehicle once it exceeds the replacement guidelines rest with departments and agencies.

Goal III – Partnerships That Benefit Government and Communities

Objective 1 – Facilitate economic development

Beyond provision of fundamental support services to government departments and agencies, SPM is a conduit capable of optimizing the economic benefits of government procurement activity. Using a fair, open and competitive procurement process, SPM's Purchasing Branch can achieve the dual benefits of obtaining the best value for government while seeking to facilitate a high proportion of local suppliers in the provision of goods and services.

Key Results

Promoting community donations

- Promote the Community Donations Program to achieve a registration of 500 community-based organizations.

As of March 31, 2006, 532 community-based organizations were registered with the program. Throughout the fiscal year, 1,134 postings of surplus office furniture and equipment were awarded to community organizations.

Encouraging recycling

- Introduce a recycling program for surplus building materials to reduce waste and benefit the community by providing in-kind support.

SPM has begun development of a construction waste recycling program. Eighty three per cent (83%) of the construction waste from Century Plaza in Regina was diverted from the landfill.

Connecting buyers and sellers

- Participate in a supply chain transaction hub that routes and translates electronic messages between buyers and suppliers through a single internet connection that provides opportunities for productivity improvements for both government and suppliers.

The transaction hub, proposed by a private sector consortium, is intended to handle electronic messages between buyers and supplier organizations through a single connection. Consultations with the consortium have taken place, but consortium members have delayed further development while they seek other applications for the technical infrastructure of the transaction hub.

Developing First Nations suppliers

- Enhance the capability of Aboriginal businesses to be suppliers for government purchases by conducting awareness sessions on government procurement.

SPM has consulted and is developing relationships with a number of First Nations bands, tribal councils and related organizations and agencies to gather input on development of an Aboriginal Procurement Policy. In addition, awareness sessions to explain government procurement needs and processes are being conducted and First Nations groups have been invited to SPM's Purchasers' Showcase event.

Saskatchewan's centennial

- Name provincial buildings as part of Saskatchewan's 2005 centennial.

Several government buildings across Saskatchewan were named and rededicated as part of the province's centennial celebrations. The Meadow Lake Provincial Office Building was named Wiciwakan Place, the Cree word for partner. The name reflects the partnership forged between Flying Dust First Nation and the government who worked together to construct the building. The Tisdale Provincial Office Building was named Brockelbank Place after long-time Member of the Legislative Assembly John H. Brockelbank who served the Tisdale constituency from 1938 to 1967. He is recognized as a pioneer in the growth and development of Saskatchewan's potash, oil and uranium industries.

Four government buildings in Regina were named to honour past Saskatchewan leaders:
- 3211 Albert Street was named Lloyd Place after former Premier Woodrow Lloyd
- 2350 Albert Street was named Cooper Place after former MLA Marjorie Cooper
- 2340 Albert Street was named Patterson Place after former Premier William Patterson
- 1871 Smith Street was named Dunning Place after former Premier Charles Dunning

Handling the Proceeds of Crime

- Develop, in conjunction with Saskatchewan Justice, a disposal process for proceeds from crime.

This initiative is on hold pending further discussions with the RCMP following amendments to the federal *Seized Property Management Act*.

Measurable Results

1. Performance Measure

- Goods and information technology services sourced in Saskatchewan through SPM's Purchasing Branch

2005-2006 result

77%
(Three-year average ending March 31, 2006 excluding aircraft purchases)

This measure recognizes procurement can be an effective tool in promoting provincial economic activity and measures the proportion of government business being sourced within the province. SPM has a moderate level of influence over this measure. SPM establishes the procurement process to obtain best value for government and, concurrently, encourage client departments to support Saskatchewan suppliers.

Objective 2 – Constructive relationships with industry

SPM's relationship with the construction industry and the supplier community goes beyond acquiring accommodation and support services required by government. The Department cultivates a solid working relationship aimed at knowing and understanding the sectors with which we work. This helps SPM ensure we obtain the best value for clients and builds confidence among suppliers that the procurement process is fair, balanced and transparent.

Key Results

Building relationships

- Provide both financial and administrative support for the Saskatchewan Construction Panel by hosting monthly co-chair meetings and organizing semi-annual symposiums for all representatives of the construction industry.

The Saskatchewan Construction Panel continues to be a focal point of SPM efforts to engage in discussion of issues that are of interest to all parties involved in the construction industry. The panel's Spring Symposium was held in May 2005, dealing with the government's capital investment program and featuring presentations from the Minister of Finance and President of SaskPower. Additional presentations covered the government's operational relationship with the construction industry. The panel introduced an official web site to encourage communication and facilitate sharing of resources: www.saskconstructionpanel.ca.

A Fall Symposium organized by the panel dealt with labour shortages facing the construction industry and examined attitudes surrounding the issue, including whether immigration can play a part in a solution. New membership opportunities were investigated and potential revisions to the Fees and Service Agreement were discussed at several meetings. SPM continues to host the monthly co-chair meetings and provide administrative support to the panel.

Measurable Results

1. Performance Measure

- Level of industry satisfaction when dealing with SPM's Purchasing Branch.

2005-2006 result

92.6%
(December 2004)

SPM has a responsibility to ensure suppliers have confidence in the government procurement process. A supplier survey is used to measure supplier satisfaction with SPM's procurement process. A survey was distributed to 3,281 suppliers with 487 replies, or a 14.8 per cent response. Suppliers were asked 13 questions using a four-point rating scale, from very satisfied to very dissatisfied to rate their dealings with SPM Purchasing Branch. The performance measure indicates the percentage of either satisfied or very satisfied. The survey is conducted every two years, with the next planned for late 2006.

2005-2006 Financial Results

The following table outlines information on actual and budgeted expenses by subvote and programs and capital asset spending. The table also identifies the amounts allocated to departments as internal recoveries and amounts charged to clients external to the GRF. Explanations are provided for significant variances.

Central Management and Services (PM01)

	Estimated * 2005-2006 ($000s)	Actual 2005-2006 ($000s)	Variance ($000s)	Notes
Executive Management	495	517	22	1.
Central Services	7,468	6,792	(676)	1.
Accommodation Services	302	415	113	1.
Allocation to Services Sub-votes	(8,265)	(7,724)	541	1.
	—	—		

* The column Estimated 2005-2006 reflects the Estimates as tabled with the Provincial Budget in the spring of 2005.

Accommodation Services (PM02)

	Estimated 2005-2006 ($000s)	Actual 2005-2006 ($000s)	Variance ($000s)	Notes
Operations and Maintenance of Owned Property	73,345	69,745	(3,600)	2.
Operations and Maintenance of Leased Property	49,880	49,309	(571)	2.
Operations and Maintenance in support of the Legislative Assembly	24,194	26,665	(395)	2.
Program Delivery and Client Services	(8,265)	(7,724)	2,471	3.
Wind Energy	400	404	4	
Energy Performance Investments	1,740	1,304	(436)	4.
Accommodation Allocation to Departments	(103,915)	(115,893)	(11,978)	5.
Accommodation Charged to External Clients	(39,367)	(33,564)	5,803	5.
Recoveries exceeding costs – returned to the General Revenue Fund	—	5,643		
	9,025	5,966	(3,059)	

Project Management (PM03)

	Estimated 2005-2006 ($000s)	Actual 2005-2006 ($000s)	Variance ($000s)	Notes
Regina Provincial Correctional Centre	3,893	4,928	1,035	6.
Provincial Health Lab	1,249	585	(664)	7.
Other	900	827	(73)	
Project Management Allocated to Departments	(6,042)	(6,342)	(300)	
	—	(2)		

Purchasing (PM04)

	Estimated 2005-2006 ($000s)	Actual 2005-2006 ($000s)	Variance ($000s)	Notes
	1,949	1,670	(279)	8.

Transportation Services (PM05)

	Estimated 2005-2006 ($000s)	Actual 2005-2006 ($000s)	Variance ($000s)	Notes
Vehicle Services	30,152	30,798	646	9.
Air Services	6,829	6,393	(436)	10.
Allocation to Departments	(22,134)	(23,666)	(1,532)	11.
Charged to External Clients	(14,847)	(16,385)	(1,538)	11.
	—	(2,860)		

Government Support Services (PM06)

	Estimated 2005-2006 ($000s)	Actual 2005-2006 ($000s)	Variance ($000s)	Notes
Mail Services	10,512	10,956	444	12.
Telecommunication Services	12,121	12,912	791	13.
Distribution Centre and Other Services	5,892	5,815	(77)	
Government Services Allocated to Departments	(20,635)	(21,177)	(542)	14.
Government Services Charged to External Clients	(7,890)	(9,011)	(1,121)	14.
	—	(505)		

Major Capital Asset Aquisitions

Major Capital Assets (PM07)

	Estimated 2005-2006 ($000s)	Actual 2005-2006 ($000s)	Variance ($000s)	Notes
Land, Buildings and Building Improvements	8,992	12,459	3,467	15.
Equipment	14,503	15,530	1,027	16.
	23,495	27,989		

Explanation of Major Variances

1. The savings were predominantly salary cost savings resulting from position vacancies and salary adjustments reflecting the transition to a department. Central Management and Services costs are allocated to the other subvotes, the total allocation is reduced accordingly as actual costs were allocated.

2. Budgeted energy and electricity costs were lower due to lower utility prices and lower utilization as a result of a warmer than seasonal winter. Savings also realized in salaries from an under-utilization of budgeted positions and lower than anticipated payments arising from the Pay Equity project.

3. Additional cost of approximately $6 million due to increase in construction costs and various scope and timing of work changes to construction projects during the year. The increase is partially offset by salary savings realized from an under-utilization of budgeted positions and lower than anticipated payments arising from the Pay Equity project.

4. Energy Performance Investments were less than budget as funds were used to manage rising construction costs that impacted SPM's capital construction projects.

5. Accommodation allocated to departments was greater than budget and accommodation charged to external clients was lower than budget. This was the first time that the Department estimated a split between the two types of recoveries.

   Recoveries were greater than budget by approximately $5.6 million due to increase in construction costs and various scope and timing of work changes to construction projects during the year. Construction projects are billed at cost, thus an increase in costs equals an increase in recoveries. Pricing adjustments were not made to reflect lower electricity, energy and salary costs that occurred during the year.

6. The Regina Provincial Correctional Centre project is ahead of schedule resulting in higher costs during 2005-2006. Construction will continue into 2006-2007 and 2007-2008.

7. The Provincial Health Laboratory project progressed slower than the original schedule resulting in lower costs during 2005-2006. Construction will continue into 2006-2007 and 2007-2008.

8. The majority of the variance in Purchasing is due to salary cost savings resulting from position vacancies.

9. The Vehicle Services variance includes approximately $3 million in savings due to a change in the amortization method upon transition to a department. This is partially offset by increases due to rising fuel costs, unbudgeted accounting losses on vehicle disposals, and lease interest expense due to a change in the accounting treatment of leased vehicles.

10. The Air Services variance results from operational cost savings and lower than anticipated amortization expense due to a change in accounting policy upon transition to a department.

11. Transportation charges to departments and external clients were higher than budget due to increased fuel prices, and greater than expected demand for vehicle and air services.

12. The Mail Services variance results from higher postage costs.

13. The Telecommunication variance is due to higher program usage.

14. The Government Services recovery variance is the result of increased demand in both mail services and telecommunication services.

15. Capital costs were higher than budget due to increases in construction costs.

16. The equipment acquisition variance results from an increased quantity of vehicle purchases. Incremental funding was approved by the Legislature in the fall of 2005.

2005-2006 GRF Revenues

Description

	Revenue Budget ($000s)	Actual Revenue ($000s)	Variance ($000s)	Notes
Receipts from other Governments				
Municipal Revenue	429	410	(19)	
Federal Revenue	705	764	59	
Other	—	966	966	1.
TOTAL	1,134	2,140	1,006	

Explanation of major variances:

1. The majority of Other Revenue is a refund of prior year expenses, which is accounted for as GRF revenues.

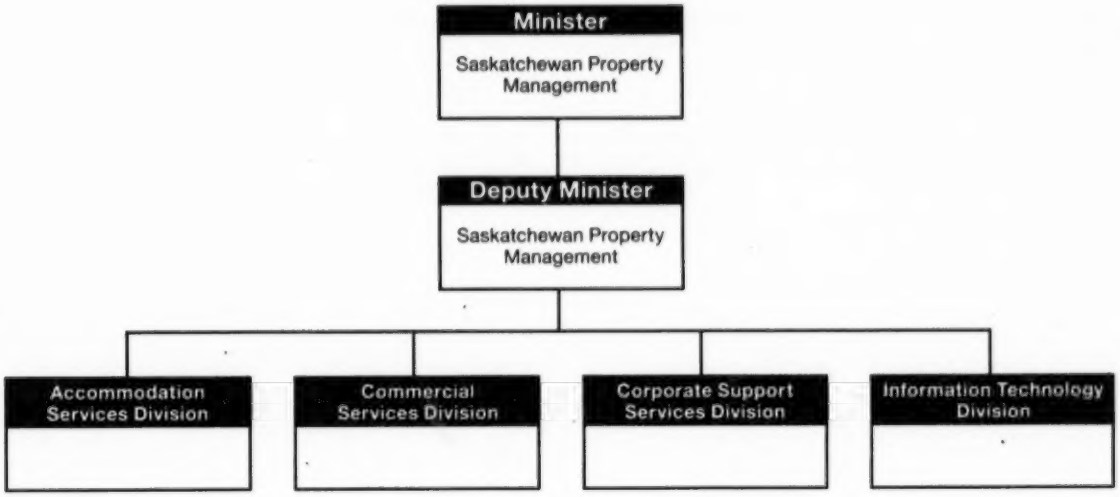
For more information

Additional information is available from the following sources:

For general information about SPM,
SPM's website is www.spm.gov.sk.ca

For more information on SPM's program and services please contact:
Saskatchewan Property Management
Communications
1920 Rose Street, Regina, SK., S4P 0A9
phone (306) 787-5959 or fax: (306) 787-8582.

Appendix A – Organizational Chart



Appendix B – Key Pieces of Legislation

Key pieces of legislation for which Saskatchewan Property Management is responsible:

- *The Public Works and Services Act*
- *The Purchasing Act, 2004* and *The Purchasing Regulations*
- *The Saskatchewan Applied Science Technologists and Technicians Act*
- *The Architects Act*
- *The Interior Designers Act*